

**ST. TAMMANY ASSOCIATION FOR  
RETARDED CITIZENS, INC.**

**Financial Statements and Supplementary Information  
June 30, 2011 and 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 01 2012**

---

ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expenses -- 2011	4
Statement of Functional Expenses -- 2010	5
Statements of Changes in Net Assets	6
Statements of Cash Flows	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Support Services, and General and Administrative Expenses Allocated to Programs	16
Schedule of Revenues, Support Services, and General and Administrative Expenses Allocated to Programs	17
OTHER INDEPENDENT AUDITORS' REPORT	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19

# Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*

\*Limited Liability Companies

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
St. Tammany Association for Retarded Citizens, Inc.  
Slidell, Louisiana

We have audited the accompanying statements of financial position of St. Tammany Association for Retarded Citizens, Inc., a Louisiana not-for-profit corporation, (the Association) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits:

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tammany Association for Retarded Citizens, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2011 on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Silva Gurtner & Abney, LLC*

November 4, 2011

4330 Dumaine Street  
New Orleans, LA 70119  
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd.  
Mandeville, LA 70448  
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane  
P.O. Box 50, Pass Christian, MS 39571  
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company  
[www.silva-cpa.com](http://www.silva-cpa.com)

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$3,260,668	\$ 2,495,711
Certificate of deposit	100,190	-
Accounts receivable, net allowance	664,586	862,458
Linen inventory	90,852	139,034
Prepaid expenses	15,639	20,939
Total current assets	<u>4,131,935</u>	<u>3,518,142</u>
<b>PROPERTY AND EQUIPMENT</b>		
Buildings	3,266,071	3,106,564
Furniture and equipment	652,646	879,490
Vehicles	995,898	995,898
Total property and equipment	<u>4,914,615</u>	<u>4,981,952</u>
Less: accumulated depreciation	<u>(2,120,168)</u>	<u>(1,846,165)</u>
	2,794,447	3,135,787
Construction in progress	53,610	-
Land	486,877	435,289
Net property and equipment	<u>3,334,934</u>	<u>3,591,076</u>
<b>OTHER ASSETS</b>		
Deposits	<u>1,500</u>	<u>1,500</u>
<b>TOTAL ASSETS</b>	<u><u>\$7,468,369</u></u>	<u><u>\$ 7,110,718</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 124,919	\$ 94,045
Accrued interest payable	-	6,650
Accrued salaries, wages and taxes	220,321	207,912
Accumulated paid leave	164,327	182,583
Deferred revenue	1,756,608	1,406,623
Line of credit	-	5,000
Current maturities of long-term debt	<u>104,430</u>	<u>975,601</u>
Total current liabilities	<u>2,370,605</u>	<u>2,878,414</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term deferred compensation	27,069	-
Long-term debt, net of current maturities	<u>1,001,354</u>	<u>213,311</u>
Total long-term liabilities	<u>1,028,423</u>	<u>213,311</u>
<b>TOTAL LIABILITIES</b>	<u>3,399,028</u>	<u>3,091,725</u>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	3,567,896	3,522,123
Board designated	154,516	226,225
Temporarily restricted	<u>346,929</u>	<u>270,645</u>
<b>TOTAL NET ASSETS</b>	<u>4,069,341</u>	<u>4,018,993</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$7,468,369</u></u>	<u><u>\$ 7,110,718</u></u>

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Government grants and contracts	\$ 4,665,575	\$ 55,000	\$ 4,720,575	\$ 4,618,512	\$ 48,820	\$ 4,667,332
Ad valorem taxes	925,019	-	925,019	692,549	-	692,549
Private providers	738,310	-	738,310	696,280	-	696,280
Program services	223,858	-	223,858	238,131	-	238,131
Sale of services	1,024,295	-	1,024,295	1,249,788	-	1,249,788
Donations and private grants	25,182	160,631	185,813	14,327	89,716	104,043
United Way allocation	-	127,466	127,466	-	148,775	148,775
United Way designations	43,739	-	43,739	54,085	-	54,085
Fundraising	82,230	-	82,230	80,593	-	80,593
Loss on dispositions of property and equipment	(96,736)	-	(96,736)	5,771	-	5,771
Other	11,587	-	11,587	1,692	-	1,692
Net assets released from restrictions						
Restrictions satisfied by payments	266,813	(266,813)	-	371,298	(371,298)	-
<b>TOTAL REVENUES AND OTHER SUPPORTS</b>	<b>7,909,872</b>	<b>76,284</b>	<b>7,986,156</b>	<b>8,023,026</b>	<b>(83,987)</b>	<b>7,939,039</b>
<b>EXPENSES</b>						
Program services	6,476,870	-	6,476,870	6,648,274	-	6,648,274
Supporting services	1,458,938	-	1,458,938	1,272,898	-	1,272,898
<b>TOTAL EXPENSES</b>	<b>7,935,808</b>	<b>-</b>	<b>7,935,808</b>	<b>7,921,172</b>	<b>-</b>	<b>7,921,172</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ (25,936)</b>	<b>\$ 76,284</b>	<b>\$ 50,348</b>	<b>\$ 101,854</b>	<b>\$ (83,987)</b>	<b>\$ 17,867</b>

See accompanying independent auditors' report and notes to financial statements.

	Program Services				Total	Supporting Services
	Adult Habilitation	Infant Habilitation	Residential	Waivered Services		
Salaries/benefits	\$ 783,715	\$ 266,961	\$ 618,291	\$ 1,930,529	\$ 4,233,753	\$ 1,048,523
Payroll taxes	60,900	18,526	49,395	153,163	333,226	73,887
Professional services	3,819	6,989	16,012	4,370	44,820	15,562
Day service charges-internal	-	-	195,362	-	195,362	-
State bed fees	-	-	116,789	-	116,789	-
Supplies	27,325	24,486	59,559	5,876	190,806	19,096
Interest	34,144	19,393	-	15,935	69,472	1,858
Telephone	14,439	4,366	8,461	6,277	45,939	24,522
Postage	555	124	245	1,666	623	1,889
Occupancy	77,965	21,078	51,060	18,950	242,005	138,355
Insurance	77,013	15,137	55,581	57,770	302,901	36,974
Depreciation and amortization	99,686	19,693	38,752	1,583	332,481	25,741
Travel	98,406	487	46,334	17,488	237,392	33,590
Conferences and training	5,094	3,592	4,465	16,620	30,638	3,611
Miscellaneous	6,889	7,934	35,497	30,511	98,073	35,330
	\$ 1,289,950	\$ 408,766	\$ 1,295,803	\$ 2,244,803	\$ 6,476,870	\$ 1,458,938
						\$ 7,935,808

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services					Supporting Services	
	Adult Habilitation	Infant Habilitation	Residential	Waivered Services	Commercial Business Services	Total Program Services	General and Administrative
Salaries/benefits	\$ 685,146	\$ 306,058	\$ 654,446	\$ 1,898,131	\$ 713,030	\$ 4,346,811	\$ 893,530
Payroll taxes	49,853	29,314	49,592	146,961	56,209	331,929	68,929
Professional services	2,725	8,589	11,786	4,710	18,278	46,088	11,451
Day service charges-internal	-	-	194,546	-	-	194,546	-
State bed fees	-	-	115,286	-	-	115,286	-
Supplies	18,673	27,785	60,849	5,204	97,709	210,220	16,515
Interest	21,388	34,571	-	-	20,399	76,358	2,148
Telephone	13,897	3,864	8,973	5,656	12,910	45,300	26,158
Postage	680	611	268	1,698	1,388	4,645	2,148
Occupancy	55,781	37,920	58,556	12,706	106,863	271,826	136,636
Insurance	61,041	21,011	56,457	65,438	100,447	304,404	38,164
Depreciation and amortization	55,551	40,317	47,119	797	189,792	333,576	22,950
Travel	102,736	6,655	55,948	14,568	66,155	246,062	30,535
Conferences and training	3,214	2,193	3,032	7,839	1,334	17,612	2,980
Miscellaneous	7,136	5,426	43,199	7,958	39,892	103,611	20,754
	<u>\$ 1,077,821</u>	<u>\$ 614,314</u>	<u>\$ 1,360,067</u>	<u>\$ 2,171,666</u>	<u>\$ 1,424,406</u>	<u>\$ 6,648,274</u>	<u>\$ 1,272,898</u>
							<u>\$ 7,921,172</u>

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
NET ASSETS, Beginning of year	\$ 4,018,993	\$ 4,001,126
CHANGE IN NET ASSETS		
Unrestricted	(25,936)	101,854
Temporarily restricted	<u>76,284</u>	<u>(83,987)</u>
NET ASSETS, End of year	<u>\$ 4,069,341</u>	<u>\$ 4,018,993</u>

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 50,348	\$ 17,867
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	358,222	356,526
Loss on dispositions of property and equipment	96,736	4,752
Change in operating assets:		
Certificate of deposit	(100,190)	-
Accounts receivable	197,872	357,949
Linen inventory	5,813	(45,659)
Prepaid expenses	5,300	(5,949)
Other assets	-	(200)
Change in operating liabilities:		
Accounts payable	30,874	4,378
Accrued liabilities	14,572	(39,402)
Deferred revenue	349,985	612,437
Net cash provided by operating activities	1,009,532	1,262,699
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Construction in progress	(53,610)	-
Proceeds from dispositions of property and equipment	91,452	-
Purchase of land	(31,588)	-
Purchases of property and equipment	(162,701)	(234,735)
Net cash used in investing activities	(156,447)	(234,735)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(83,128)	(93,534)
Principal payments on line of credit	(5,000)	-
Net cash used in financing activities	(88,128)	(93,534)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	764,957	934,430
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	2,495,711	1,561,281
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u>\$ 3,260,668</u>	<u>\$ 2,495,711</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	<u>\$ 77,980</u>	<u>\$ 77,047</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of property financed	<u>\$ -</u>	<u>\$ 54,496</u>

See accompanying independent auditors' report and notes to financial statements.

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization*** – St. Tammany Association for Retarded Citizens, Inc. (the Association) was incorporated on June 20, 1968. The Association provides day care services, work training services, respite and personal care services, and residential housing for citizens of St. Tammany Parish with mental retardation and/or developmental disabilities.

***Basis of Presentation*** – The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a) Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- b) Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- c) Permanently restricted net assets are donor-imposed assets that stipulate that the donation be maintained permanently but permits the use of all or part of the income derived. There were no permanently restricted net assets.

***Donated Assets and Services*** – The Association records noncash donations as contributions at its estimated fair value at the date of donation. The Association received \$125,000 in noncash donations for the year ended June 30, 2011. The Association did not receive any non-cash donations for the year ended June 30, 2010.

Various functions of the Association are conducted by unpaid officers, board members, and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition. The Association recognizes donated services, if significant in amount, which create or enhance non-financial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

***Property and Equipment*** – Property and equipment are recorded at cost. Acquisitions of property and equipment are made with unrestricted assets. Depreciation is provided over the estimated useful lives of the respective assets, approximately five to thirty years, on a straight-line basis. Expenses for maintenance, repairs and renewals of minor items are charged to earnings as incurred. Major renewals, improvements and property costs over \$5,000 are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period. Depreciation expense for the years ended June 30, 2011 and 2010 is \$358,222 and \$356,526, respectively.

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Income Taxes** – The Association is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana statutes. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

**Functional Expense Allocation** – Functional expenses are allocated among the various program services and general and administrative categories based on actual use or management's best estimate.

**Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Association considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents including bank repurchase agreements.

**Restricted and Unrestricted Revenues and Other Support** – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

**Use of Estimates** – The preparation of the Association's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Accounts Receivable** – Accounts receivable for linen services are stated at unpaid balances, less an allowance for doubtful accounts. The Association provides for losses on linen services accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances. For all other receivables, it is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**Linen Inventory** – Linen inventory is stated at the lower of cost or market. Inventory is adjusted monthly by amortization of the costs based on number of linen turns.

**NOTE B – CONCENTRATIONS OF CREDIT RISK**

The Association has concentrated its credit risk by maintaining deposits in banks located within the same geographic region that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. The Association's cash deposit balances were not in excess of the FDIC insurance at June 30, 2011 and 2010. As of June 30, 2011 and 2010, the Association had \$2,718,700 and \$2,075,242, respectively, in bank repurchase agreements that are subject to credit

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE B – CONCENTRATIONS OF CREDIT RISK, (continued)**

risk. They are not insured by the Federal Deposit Insurance Corporation and are not guaranteed in any way by the United States Government or any agency thereof. The Association has not experienced any losses in such accounts and agreements and believes it is not exposed to any significant credit risk to cash.

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of accounts receivable. As of June 30, 2011 and 2010, the waiver program represents 26% and 36% of receivables and contracted services represent 21% and 16% of receivables, respectively.

**NOTE C – ACCUMULATED PAID LEAVE**

All full-time, regular status employees who do not carry the Direct Support Professional title are eligible for paid leave. At the beginning of each fiscal year, the Association deposits into each employee's Annual Leave Account a lump sum amount of leave hours for use of time off during that fiscal year. The amount of leave each employee receives is based on the employee's job classification and years of eligible service. At the end of each fiscal year, all unused annual leave hours are automatically transferred to the employee's Accumulated Leave account. Annual leave hours not used are not payable to employees upon resignation, retirement, termination or death, while accumulated leave hours will be paid out upon resignation, retirement, termination or death at the employee's current hourly rate.

	2011	2010
Beginning balance	\$ 182,583	\$ 246,693
Additions	217,388	175,812
Reductions	(235,644)	(239,922)
Ending balance	<u>\$ 164,327</u>	<u>\$ 182,583</u>

**NOTE D – BOARD DESIGNATIONS**

It is the policy of the Board of Directors of the Association to review its plans for future property improvements, acquisitions, and program services from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing. At June 30, 2011 and 2010, the Association's Board had \$154,516 and \$226,225, respectively, in designated funds.

**NOTE E – ADMINISTRATION AGREEMENT**

Effective February 18, 2009, the St. Tammany Parish Council (the Council) and the Association entered into an administration agreement for a period of ten years, whereby the Association would provide services related to acquiring, constructing, improving, maintaining, and operating authorized activities, services, programs and/or facilities for individuals with mental retardation and/or developmental disabilities in St. Tammany Parish. The agreement requires the Council to compensate the Association a 1 mill tax annually (\$1,337,681 and \$1,250,773 for the fiscal years ended June 30, 2011 and 2010, respectively). The Association received \$1,271,242 and \$1,234,888 of which \$1,645,084 and \$1,297,072 was deferred for the fiscal years ended June 30, 2011 and 2010, respectively, to properly recognize revenue when it will be earned. The Association incurred expenditures relating to the services provided in the amount of \$925,019 and \$692,549 for the years ended June 30, 2011 and 2010, respectively. The ad

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE E – ADMINISTRATION AGREEMENT, (continued)**

valorem tax received from the Council and the expenditures incurred are included in the specific programs and supporting services of the Association.

**NOTE F – LINE OF CREDIT**

The Association has a \$800,000 (\$400,000 at June 30, 2010) line of credit bearing interest at a variable interest rate (at prime rate plus 0.25% at June 30, 2011), and is secured by a collateral real estate mortgage. There was no balance outstanding on the line of credit as of June 30, 2011. The line of credit balance at June 30, 2010 was \$5,000. On March 24, 2011, the Association renewed this line of credit for a one year term ending March 24, 2012.

**NOTE G – LONG-TERM DEBT**

The Association had the following notes payable:

	<u>2011</u>	<u>2010</u>
Mortgage note dated May 2, 2005, payable to a bank on demand with monthly payments of \$7,518 to include principal and interest at a rate of 5.95% through May 2011. Collateralized by land and building.	\$ -	\$ 911,510
Mortgage note dated March 24, 2011, payable to a bank on demand with monthly payments of \$2,433 to include principal and interest at a rate of 6.1% through March 24, 2021. Collateralized by land and building.	329,682	-
Mortgage note dated December 1, 1999, payable to a bank in monthly installments of \$4,318 consisting of principal and interest accruing at a rate of 6.35% through January 14, 2015. Collateralized by land and building.	-	210,298
Mortgage note dated March 24, 2011, payable to a bank in monthly installments of \$5,406, consisting of principal and interest accruing at a rate of 6.1% through March 24, 2021. Collateralized by land and building.	732,326	-
Note payable dated October 31, 2006, payable to a bank in 60 monthly installments of \$613 consisting of principal and interest accruing at a rate of 8.99% through November 15, 2011. Collateralized by a vehicle.	2,407	9,203
Note payable dated February 10, 2007, payable to a bank in 72 monthly installments of \$635 consisting of principal and interest accruing at a rate of 9.59% through February 12, 2013. Collateralized by a vehicle.	11,693	17,865

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE G – LONG-TERM DEBT, (continued)**

Note payable dated November 26, 2008, payable to a bank in 60 monthly installments of \$1,154 consisting of principal and interest accruing at a rate of 9.85% through November 26, 2013. Collateralized by a vehicle.

<u>29,676</u>	<u>40,036</u>
<u>\$ 1,105,784</u>	<u>\$ 1,188,912</u>

Maturities are as follows:

2012	\$ 104,430
2013	106,569
2014	100,290
2015	100,586
2016	106,896
Thereafter	<u>587,013</u>
	<u>\$ 1,105,784</u>

Interest expense on notes payable for the years ending June 30, 2011 and 2010 was \$71,330 and \$78,506, respectively.

**NOTE H – OPERATING LEASES**

The Association signed one year term leases commencing on September 1, 2008 for the rental of office space. The leases include two one year options with three months prior notice. Monthly rental amounts are approximately \$2,534. Rental expense for the years ended June 30, 2011 and 2010 was \$30,408 and \$80,865, respectively.

The Association signed a contract that has an indefinite life span for the use of a certain parcel of ground that is entirely enclosed by a fence that has been developed into a park-like area complete with a paved walking path, a bocce ball court and benches throughout. The Association desires to use the property for recreational purposes for a fee of \$500 per month. The contract states that the Association agrees to make payments by the 15<sup>th</sup> of each month with the following condition to occur: the Association must receive a \$700 donation from the Knights of Columbus Council prior to the 15<sup>th</sup> of the month. If, in any given month, the \$700 donation has not been received, the fee for that particular month shall be waived.

The Association has multiple operating leases for office equipment at various locations. Lease expense for the years ended June 30, 2011 and 2010 was \$29,957 and \$35,408, respectively.

Future minimum lease payments are as follows:

2012	\$ 18,283
2013	3,290
2014	<u>388</u>
	<u>\$ 21,961</u>

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE I – UNITED WAY ALLOCATION/GRANTS**

The Association participates in the United Way for the Greater New Orleans Area allocation and designation of funds process. To participate in the allocation and designation of funds, certain restrictions were placed on the Association's ability to conduct certain fund raising activities or otherwise solicit contributions. The United Way's allocation/designation to the Association for the years ended June 30, 2011 and 2010 was \$171,205 and \$202,860, respectively.

**NOTE J – FUNDRAISING REVENUES**

Fundraising revenues are presented gross, with related expenses presented separately in the accompanying financial statements. Net fundraising income for the years ended June 30, 2011 and 2010 was \$82,230 and \$80,593, respectively.

**NOTE K – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$346,929 and \$270,645 at June 30, 2011 and 2010, respectively, are donations from corporations, individuals, and pledges receivable from the United Way of Greater New Orleans to support adult services, Jacob's Ladder Adult Day Care, Noah's ARC Child Development Center, and Solid Rock Elderly Services. There was \$266,813 and \$371,298 of temporarily restricted net assets released from donor restrictions for general operations of the Association for the years ended June 30, 2011 and 2010, respectively.

**NOTE L – DONATED FACILITIES**

The Association occupies donated office space in Slidell. The total value of this donated space was recorded in the statements of activities for \$37,600 and \$43,275 for the years ended June 30, 2011 and 2010, respectively.

**NOTE M – ACCOUNTS RECEIVABLE**

As of June 30, 2011 and 2010, accounts receivable were comprised of:

	2011	2010
Waiver services	\$ 176,093	\$ 276,549
Contracted services	138,910	172,571
Title XIX	111,314	101,108
Early intervention services	1,318	23,652
Supported services	24,563	18,649
Council on Aging	25,585	20,217
Contributions	8,001	40,005
Other	178,802	209,707
	<u>\$ 664,586</u>	<u>\$ 862,458</u>

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE N – RELATED PARTIES**

During the years ended June 30, 2011 and 2010, the Association paid \$67,281 and \$67,513, respectively, for various building renovations and improvements to a local construction contracting company which employs a board member. Payments for miscellaneous building repairs and maintenance of \$2,689 were paid to an employee's spouse for the year ended June 30, 2011. Payments for painting and washing for \$1,295 were paid to an employee's step-son for the year ended June 30, 2010.

**NOTE O – RETIREMENT PLAN**

The Association established a 401(k) Thrift Plan (the Plan) effective November 1, 2000. Employees of the Association may participate in the Plan, whereby employees elect to make voluntary contributions pursuant to a salary reduction agreement. It is available to all employees who have completed the service requirements (equivalent to one year of service with 1,000 hours of service or more). The Association makes discretionary contributions to the Plan each year as a percentage of all participants' contributions. The Association's contribution for the years ended June 30, 2011 and 2010 was \$7,962 and \$7,325, respectively.

On March 16, 2005, the board established a non-qualified deferred compensation plan for any retiring employee who has been employed by the Association for a minimum of 20 years and has maintained a satisfactory employment record. The compensation payments are not guaranteed and are paid only from Board-approved unrestricted funds that are available in the fiscal year in which a qualifying employee retires. Compensation payments are based on 50%, 75% or 100% of the employee's annualized regular salary at retirement date, depending on years of service and may be paid in lump sum or under an installment plan not to exceed a 60 month period. For the year ended June 30, 2011, \$34,289 was paid out while no payments were made under the plan for the year ended June 30, 2010.

**NOTE P – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 4, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

---

**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**SCHEDULE OF REVENUES, SUPPORT SERVICES, AND GENERAL AND ADMINISTRATIVE EXPENSES ALLOCATED TO PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Supporting Services					
	Adult Habilitation		Infant Habilitation		Residential	
	Adult Habilitation	Infant Habilitation	Infant Habilitation	Residential	Waivered Services	Commercial Business Services
<b>Revenues and other support</b>						
Government grants and contracts	\$ 958,771	\$ 30,484	\$ 1,378,556	\$ 2,352,764	\$ -	\$ -
Ad valorem taxes	88,644	143,531	86,402	127,222	227,386	673,185
Private providers	433,526	-	186,634	118,150	-	738,310
Program services	-	223,858	-	-	-	223,858
Sale of services	-	-	-	-	-	1,024,295
Donations and private grants	5,264	2,650	2,310	109	7,250	17,583
United Way	48,642	67,982	-	14,516	-	131,140
Fundraising	389	-	-	-	7,693	74,537
Loss on dispositions of property and equipment	-	-	-	-	(96,736)	(96,736)
Other	-	-	-	4,730	241	11,587
<b>Total revenues and other support</b>	<b>1,535,236</b>	<b>468,505</b>	<b>1,653,902</b>	<b>2,617,491</b>	<b>1,169,740</b>	<b>7,444,874</b>
<b>Expenses</b>						
Salaries/benefits	783,715	266,961	618,291	1,930,529	634,257	4,233,753
Payroll taxes	60,900	18,526	49,395	153,163	51,242	333,226
Professional services	3,819	6,989	16,012	4,370	13,630	44,820
Day service charges-internal	-	-	195,362	-	-	195,362
State bed fees	-	-	116,789	-	-	116,789
Supplies	27,325	24,486	59,559	5,876	73,560	190,806
Interest	34,144	19,393	-	-	15,935	69,472
Telephone	14,439	4,366	8,461	6,277	12,396	45,939
Postage	555	124	245	1,666	623	3,213
Occupancy	77,965	21,078	51,060	18,950	72,952	242,005
Insurance	77,013	15,137	55,581	57,770	97,400	302,901
Depreciation and amortization	99,686	19,693	38,752	1,583	172,767	332,481
Travel	98,406	487	46,334	17,488	74,677	237,392
Conferences and training	5,094	3,592	4,465	16,620	867	30,638
Miscellaneous	6,889	7,934	35,497	30,511	17,242	98,073
<b>Total expenses</b>	<b>1,289,950</b>	<b>408,766</b>	<b>1,295,803</b>	<b>2,244,803</b>	<b>1,237,548</b>	<b>6,476,870</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ 245,286</b>	<b>\$ 59,739</b>	<b>\$ 358,099</b>	<b>\$ 372,688</b>	<b>\$ (67,808)</b>	<b>\$ 968,004</b>
						<b>\$ (917,656)</b>
						<b>\$ 50,348</b>

See independent auditors' report.

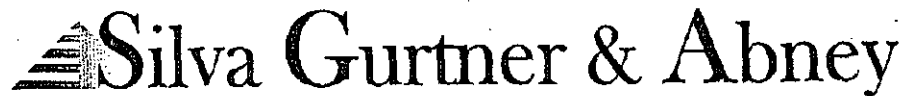
**ST. TAMMANY ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**SCHEDULE OF REVENUES, SUPPORT SERVICES, AND GENERAL AND ADMINISTRATIVE EXPENSES ALLOCATED TO PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services					Supporting Services	
	Adult Habilitation	Infant Habilitation	Residential	Waivered Services	Commercial Business Services	Program Services Total	General and Administrative Total
<b>REVENUES AND OTHER SUPPORT</b>							
Government grants and contracts	\$ 958,771	\$ 30,484	\$ 1,378,556	\$ 2,352,764	\$ -	\$ 4,720,575	\$ 4,720,575
Ad valorem taxes	88,644	143,531	86,402	127,222	227,386	673,185	925,019
Private providers	433,526	-	186,634	118,150	-	738,310	738,310
Program services	-	223,858	-	-	-	223,858	223,858
Sale of services	-	-	-	-	1,024,295	1,024,295	1,024,295
Donations and private grants	5,264	2,650	2,310	109	7,250	17,583	185,813
United Way	48,642	67,982	-	14,516	-	131,140	171,205
Fundraising	389	-	-	-	7,304	7,693	82,230
Loss on dispositions of property and equipment	-	-	-	-	(96,736)	(96,736)	(96,736)
Other	-	-	-	4,730	241	4,971	11,587
	1,535,236	468,505	1,653,902	2,617,491	1,169,740	7,444,874	7,986,156
Allocation of supporting service revenues	107,803	34,161	108,292	187,602	103,424	541,282	(541,282)
	1,643,039	502,666	1,762,194	2,805,093	1,273,164	7,986,156	-
<b>EXPENSES</b>							
Compensation expenses	844,615	285,487	667,686	2,083,692	685,499	4,566,979	5,689,389
Occupancy	77,965	21,078	51,060	18,950	72,952	242,005	380,360
Travel	98,406	487	46,334	17,488	74,677	237,392	270,982
Other direct program expenses	268,964	101,714	530,723	124,673	404,420	1,430,494	1,595,077
	1,289,950	408,766	1,295,803	2,244,803	1,237,548	6,476,870	7,935,808
Allocation of supporting service expenses	290,566	92,076	291,884	505,650	278,762	1,458,938	(1,458,938)
	1,580,516	500,842	1,587,687	2,750,453	1,516,310	7,935,808	-
<b>CHANGE IN NET ASSETS</b>	\$ 62,523	\$ 1,824	\$ 174,507	\$ 54,640	\$ (243,146)	\$ 50,348	\$ 50,348

See independent auditors' report.

**OTHER INDEPENDENT AUDITORS' REPORT**

---



Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*

\*Limited Liability Companies

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
St. Tammany Association for Retarded Citizens, Inc.  
Slidell, Louisiana

We have audited the financial statements of St. Tammany Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered St. Tammany Association for Retarded Citizens, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Association for Retarded Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Association for Retarded Citizens, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

4330 Dumaine Street  
New Orleans, LA 70119  
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd.  
Mandeville, LA 70448  
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane  
P.O. Box 50, Pass Christian, MS 39571  
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company  
[www.silva-cpa.com](http://www.silva-cpa.com)

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the finance committee, management, the Department of Health and Human Services, the Department of Transportation, the United Way, and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

*Silva Gurtner & Abney, LLC*

November 4, 2011